

**Needham Finance Committee
Minutes of Meeting of September 7, 2016**

The meeting of the Finance Committee was called to order by the Chair, Rick Zimbone, at approximately 7:00 pm in the Selectmen's Chambers at the Town Hall.

Present from the Finance Committee:

Rick Zimbone, Chair; Dick Reilly, Vice Chair

Members: Barry Coffman, Rick Lunetta, Louise Miller, John Connelly, Carol Smith-Fachetti (arrived 7:10 pm)

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Anne Gulati, Director of School Financial Operations

Patricia Carey, Director, Park and Recreation Department

Paul Dawson, Citizen Petitioner

Citizen Requests

There were no requests to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of July 6, 2016 be approved as distributed. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 5-0-1. (Mr. Reilly abstained. Ms. Smith-Fachetti had not yet arrived.)

MOVED: By Mr. Lunetta that the minutes of the executive sessions of January 6, 2016 and February 24, 2016 be approved as distributed. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0. (Ms. Smith-Fachetti had not yet arrived.)

Town Manager Consultation – FY 2018 Budget Guidelines

Ms. Fitzpatrick stated that the by-law requires that she consult with the Finance Committee prior to issuing guidelines for budget preparation. She stated that the only change this year is that the Town is engaging in multi-year planning with the School Department. The Town is seeking certain service delivery improvements and wants to be able to plan to have funds available for known future expenses, the most notable being the implementation of full-day kindergarten. She stated that they are assuming it will be concurrent with the opening of the new Hillside School in FY20 or FY21. She stated that a goal of the Selectmen is to avoid an operating override if possible. The Town will have upcoming additional needs in areas including information technology, police, and public facilities. She stated that the budget pro-forma shows a \$2-\$2.5 million budget gap in future years. She recommends using the Debt Service Stabilization fund to set aside recurring money for upcoming capital expenses until the funds will be used for

operating needs. She stated that the Tax Increment Financing Agreement with TripAdvisor will come into play in FY20 when property taxes will no longer be diverted, which is good timing. Mr. Davison stated that under the agreement, the Town will receive property taxes on 76% of new growth which should be approximately \$900K of additional tax revenue. She stated that the Town will need to push recurring revenue as much as possible in FY18 to make the planning work. Mr. Reilly asked if decreasing state revenue and NPDES-related costs were factored into plans. Mr. Davison stated that the pro-forma did factor in an expected decrease in state revenue except for Chapter 70 funds which were assumed to be flat. Ms. Fitzpatrick stated that no specific NPDES project costs factored in, but the Town has done a lot of work addressing run-off and pollution, and is exploring options of how to make further progress.

Ms. Miller praised the efforts to plan ahead, but expressed concern for planning for specific projects that have not been approved such as the addition of a second ambulance. She took issue with the notion of collecting taxes now that are not needed in order to save for expected future expenses. She stated that this could lead to less analysis and critical thinking about projects in the future. Ms. Fitzpatrick stated that the role of the Finance Committee assures that there will be analysis and critical thinking. She stated that the projects being planned for are the Town's priorities and will not be different going forward. Mr. Zimbone stated that capital planning will be discussed during the discussion of the pro-forma with the Finance Director and at the capital planning summit in October. Mr. Zimbone stated that there will need to be discussion of what to do with the additional revenue that will come in due to the TIF agreement, as well as due to other new growth in the business district.

Ms. Miller asked about the specifics of the budget guidelines. Ms. Fitzpatrick stated that managers will be asked to include contractual or known expenses in the budget, and to make requests for any increases in service through a DSR-4 form. She stated that there are no major changes.

October Special Town Meeting

Article 7: Amend FY17 RTS Operating Budget

Mr. Davison stated that the revised budget would add \$78K to the RTS expense budget. The additional costs are due to a change in the market for recyclables which used to bring in revenue, but now incur removal costs. The recyclables are still cheaper to dispose of than hauling and burning trash, but there is now a cost. He stated that this is a result of rising transportation costs, an increase in the minimum wage, and a reduced demand for recyclables. Mr. Reilly asked how the RTS receipts compare to the estimates since the additional funds would need to come from receipts. Mr. Davison stated that there are no retained earnings, so it is a gamble. If there is a deficit, then it will need to be made up within this fund the following year.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of Article 7: Amend FY17 RTS Operating Budget. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

Article 8: Appropriate for NPDES Permit Development

Ms. Fitzpatrick stated that the EPA has issued guidance for applying for small permits, but no specific requirements to fulfill. As a result, the Town must file a plan with the EPA, which will then decide if it is sufficient. There are 6 components, 4 of which will be completed in-house at no additional cost. Two components, illicit discharge detection and pollution prevention, will require the additional cost of an outside consultant. She stated that a group of communities including Needham has appealed the new requirements, and if they prevail it will affect the work needed. Mr. Reilly asked if the Town has increased permitting fees associated with the new regulations to offset the additional costs. Mr. Davison stated that part of the work being planned and funded here will examine how to recover costs, including through fees and assessments. This funding will help answer questions about the new regulations.

Mr. Connelly asked how the \$200K figure was arrived at, what the Town will get for that cost, and who will oversee the work. Ms. Fitzpatrick stated that the contractor will be an engineering firm, and described the specific details that the consultant would study. She stated that the Town Engineer and the DPW management estimated the costs of hiring a contractor. She stated that all costs would be the costs associated with hiring a consultant and the deliverables. Mr. Reilly asked how the cost compared to related costs in other towns. Ms. Miller stated that there are different deadlines and asked whether the costs covered all six of the minimum control measures. Ms. Fitzpatrick stated that it is her understanding that the funds would cover all of the measures. In response to a question by Mr. Zimbone, Mr. Davison stated that the study is needed to identify the pollutants and their sources. The Town may later find that it can recover some costs. Ms. Fitzpatrick stated that the 45% pollution reduction requirement is the same for all towns, which is part of the appeal that the Town is involved in. Mr. Davison stated that the communities are challenging the regulations together, but each must prepare its own NPDES submission because the details are specific to each town. He stated that the \$200K would come from the tax levy. Projections are higher due to increases in solar revenue and increased state aid.

Ms. Miller stated that before making a recommendation she needs more information about what the \$200K will be used for, and when it will be spent. Mr. Connelly stated that he is in favor, but also needs more information about the assumed rates for the consultant, the number of hours, and what the Town will receive.

Article 9: Appropriate for Eliot School Traffic Safety Improvements

Ms. Fitzpatrick stated that parents have expressed concerns about student safety and the speed of cars on Central Ave. These steps were recommended in an assessment, and would provide for two solar powered radar signs that display a driver's speed, and two flashing school zone signs that would operate during school hours. She stated that the flashing signs are more expensive because they require an electrical supply. She stated that the speed signs would cost \$7,500 each and the flashing signs would cost \$25,000 each. There would also be a contingency for engineering and other costs for a total estimate of \$89.7K, rounded up to \$90K. The funding is proposed to come from the tax levy. Mr. Connelly asked when the signs would be installed if approved. Ms. Fitzpatrick stated that it would be during the winter, weather permitting, or the early spring. She described the approximate locations on either side of the school entrance. Mr. Connelly asked how effective this is expected to be. Ms. Fitzpatrick stated that the school engineers think that it will be effective. The plan was recommended by the Traffic Management Advisory Committee. Mr. Coffman asked if this was a test. Ms. Fitzpatrick stated that, like

many improvements, they are starting with a small step to see if it is sufficient, rather than re-aligning the roadway. Mr. Connelly asked for the safety study.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of Article 9: Appropriate for Eliot School Traffic Safety Improvements. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

Article 10: Acceptance of Easement - Central Ave Subdivision

Ms. Fitzpatrick stated that the Planning Board required the subdivision to grant an easement to allow the public and Town vehicles to pass on their roads. The developer has met the obligation. If the easement were to fail, then the subdivision could prevent the town or public from passing over the property. She stated that there is a benefit to the Town to have the easement because Chapter 90 funds are distributed based on accepted ways.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of Article 10 Acceptance of Easement - Central Ave Subdivision. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

Article 11: Grant of Easement - Greendale Ave.

Ms. Fitzpatrick stated that ISO New England is requiring that electrical transmission lines be separated in the area. She stated that Eversource had the right to large monopoles along the public ways which residents oppose, but that Eversource has been a good partner with the town and is willing to put the lines along railroad tracks and underground where possible. Eversource has prepared 2 alternative routes, and neither includes the monopoles on roadways. This 30-foot perpetual non-exclusive easement is necessary to accomplish the project. She stated that the whole project could not be underground because it crosses the highway and the railroad tracks. The Park and Recreation Commission has already voted to recommend approval of the easement in return for a host community agreement that will improve trails, add natural screening for neighbors and pave roads that are disturbed. The property in question is owned by the Town and under the jurisdiction of Park and Recreation. If Town Meeting approves, Park and Recreation will be authorized to grant the easement, but they will still need to work out the specifics of the host community agreement before the easement is actually granted.

Ms. Fitzpatrick stated that the financial implications of this article are the potential detriment to abutting properties if the monopoles were installed, the Town gaining access to better trails, and the screening for neighbors. There are also potential additional property taxes along the transmission route.

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of Article 11: Grant of Easement - Greendale Ave. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

Article 12: Amend General By-Law – Notification

Ms. Fitzpatrick stated that this change was proposed by the Town Clerk. In 2002, the Town eliminated the requirement to send a copy of the Annual Town Meeting warrant to every household, but there remains a requirement to send a postcard to every household with a notification of the annual Town election. Since the election is always held the second Tuesday of April each year, and there are multiple other ways of communication including a robust Town website and social media, the Town is proposing to eliminate the requirement to send a notice of the annual Town election. The FY17 budget includes \$1,700 for this item. Ms. Fitzpatrick stated that the Town would still send notices of special elections.

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of Article 12: Amend General By-Law – Notification. Mr. Coffman seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

Article 13: Citizen's Petition - Zoning

Mr. Dawson stated that the Large House Review Committee has been meeting for 30 months and has not advanced a proposal, so he is coming forward with his own. He stated that he is an architect, developer, and real estate asset manager. His goal is respecting and maintaining the character of Town neighborhoods, but to allow for development to preserve property value. He stated that he seeks to avoid the problem of building up property grade around foundations which causes water runoff problems. He stated that he is proposing a way to improve property values while still preserving the character of the town and not affecting the privacy, sunlight and space of others.

Mr. Dawson stated that there are similarities between his proposal and the views on the Large House Review Committee, but that his proposal is more impactful. He stated that he has spoken with them, and is open to their views, and feel that they are open to his as well. He stated that he has personally been affected by an unfortunate development across the street from his home. He stated that he has plans for a \$200K project that he will not undertake because of it. He stated that he has great support. Only 3 of 100 people that he has asked to sign his petition declined to sign. He stated that his proposal is focused on height. He stated that there are many factors leading to increased height of buildings, including larger houses with higher ceilings inside or wider roofs that need sufficient pitch, which work to the detriment of abutters. Average homes used to be 26-28 feet tall, and this would allow 31.5 feet. The current Town restriction is 35 feet, so this is a 10% reduction. The proposal would allow for taller buildings if there are larger setbacks. He stated that there is no scientific basis for the 10% reduction.

Mr. Zimbone asked what happened when Mr. Dawson spoke to the Large House Review Committee. Mr. Dawson stated that they are getting closer, but the LHR Committee is more permissive. Mr. Zimbone stated that the LHR Committee plans to present a proposal at the Annual Town Meeting in May. He stated that Town Meeting will have questions. He suggested continuing the discussions with them in order to get to the same place. Mr. Dawson stated that he has offered to work with them, and those efforts are not finished.

Mr. Reilly asked if, as an expert, Mr. Dawson could provide an evaluation of the economic impact of his proposal. Mr. Dawson stated that most projects would not be affected. The goal is that every decision in developing property is not financially motivated. He stated that the proposal would limit the height of homes, and he feels that it would not affect the value.

Mr. Connelly stated that he was in support of this idea as a Town Meeting Member, but as a Finance Committee member, he is struggling with it. Ms. Miller asked about a public hearing. Mr. Dawson stated that the Planning Board will hold a public hearing on September 13. Ms. Miller stated that she would like to wait until after the public hearing and the Planning Board response before making a recommendation. Mr. Reilly stated that any financial information that Mr. Dawson could provide would be helpful as well. Mr. Coffman stated that even a list of qualitative pros and cons would be helpful. Mr. Lunetta stated that financial information would be most helpful.

Finance Committee Updates

Mr. Zimbone circulated a draft Memorandum of Understanding regarding the development of school enrollment projections and the Future School Needs Committee. He stated that the agreement would be in effect until the related Town by-law was changed. He requested feedback before signing. Ms. Miller stated that the Future School Needs Committee should sign it as well as the Board of Selectmen, the Finance Committee, and the School Committee. Ms. Fitzpatrick stated that she would raise that issue, but the FSN Committee was not part of the development of the agreement. Ms. Miller stated that if they object it would cause a problem.

Adjournment

MOVED: By Ms. Miller that the Finance Committee meeting be adjourned, as there was no further business. Mr. Coffman seconded the motion. The motion was approved by a vote of 7-0, at approximately 8:50 p.m.

Documents: October 5, 2016 Special Town Meeting warrant (9/2/2016 draft); 2016 NPDES Update to the Board of Selectmen; National Pollutant discharge Elimination System Update, 2016 (presentation); Project Update West Roxbury to Needham Reliability Project, Town of Needham Board of Selectmen Presentation September 6, 2016; Comparison of Paul Dawson's Zoning Petition, Large House Review Committee "Strategies Under Consideration" and Existing Zoning Bylaw; Memorandum of Understanding regarding Future School Needs Committee (8/31/2016 draft).

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved September 14, 2016